

RON BENDER (SBN 143364)
KRIKOR J. MESHEFEJIAN (SBN 255030)
LINDSEY L. SMITH (SBN 265401)
LEVENE, NEALE, BENDER, YOO & GOLUBCHIK L.L.P.
2818 La Cienega Avenue
Los Angeles, California 90034
Telephone: (310) 229-1234; Facsimile: (310) 229-1244
Email: RB@LNBYG.COM; KJM@LNBYG.COM; LLS@LNBYG.COM

FILED & ENTERED

JUL 05 2022

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY bolte DEPUTY CLERK

Proposed Attorneys for Chapter 11 Debtors
and Debtors in Possession

CHANGES MADE BY COURT

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

In re:

TRX HOLDCO, LLC, a Delaware limited
liability company,

Debtor and Debtor in Possession.

Lead Case No.: 8:22-bk-10948-SC

Jointly administered with:
8:22-bk-10949-SC

Chapter 11 Cases

In re:

FITNESS ANYWHERE LLC, a Delaware
limited liability company, dba TRX and TRX
Training,

Debtor and Debtor in Possession.

**SECOND INTERIM ORDER
AUTHORIZING THE DEBTORS TO
USE CASH COLLATERAL
PURSUANT TO 11 U.S.C. §§ 361, 362
AND 363 AND GRANTING
ADEQUATE PROTECTION AND
RELATED RELIEF**

DATE: June 30, 2022

TIME: 10:00 a.m.

PLACE: *Via ZoomGov

Courtroom 5C

411 West Fourth Street

Santa Ana, CA 92701

☒ Affects both Debtors

☐ Affects TRX Holdco, LLC only

☐ Affects Fitness Anywhere, LLC only

1 At a hearing held on June 10, 2022, at 10:00 a.m. (Pacific Time) (the “Interim Hearing”),
2 the Court granted the emergency motion (the “Motion”) (Doc 7), filed by TRX Holdco, LLC
3 (“Hold Co”) and Fitness Anywhere LLC, dba TRX and TRX Training (“Product Co” and,
4 together with Hold Co, the “Debtors”), the debtors and debtors-in-possession in the above-
5 captioned, jointly-administered, Chapter 11 bankruptcy cases, for the entry of an interim order
6 that, among other things:
7

8 (1) authorized the Debtors to use cash collateral for the purposes set forth in the
9 Motion; and

10 (2) granted adequate protection to secured creditor Woodforest National Bank (the
11 “Bank”).
12

13 With the Bank’s consent, the Court entered an interim order (the “Interim Order”)
14 granting the Motion on an interim basis, as modified by the Interim Order (Doc 38), and the
15 Court scheduled a further hearing on the Motion to be held on June 30, 2022, at 10:00 a.m. (the
16 “Second Interim Hearing”).

17 On June 17, 2022 (Doc 75), the Debtors filed a supplement to the Motion (the
18 “Supplement”) to which the Debtors attached revised proposed budgets as Exhibit “1” to the
19 Supplement (the “Updated Budgets”). On June 29, 2022 (Doc 102), the Bank filed a limited
20 objection to the Supplement (the “Bank Objection”). On June 30, 2022 (Doc 104), the Official
21 Committee of Unsecured Creditors filed a limited objection to the Supplement (the “Committee
22 Objection”).
23

24 Appearances were made at the Interim Hearing as stated on the Court’s record.

25 The Court, having read and considered the Motion and the Supplement and all of the
26 pleadings filed by the Debtors in support of the Motion and the Supplement, and all pleadings
27 filed by the Bank in response to the Motion and the Bank Objection; the Committee Objection;
28

1 notice of the Second Interim Hearing having been given in accordance with all applicable rules;
2 and the Second Interim Hearing having been held and concluded; and all objections, if any, to
3 the relief requested in the Motion as modified by the Supplement having been withdrawn,
4 resolved or overruled by the Court; and it appearing that approval of the relief requested in the
5 Motion as modified by the Supplement is in the best interests of the Debtors' bankruptcy estates;
6 and after due deliberation and consideration, and good and sufficient cause appearing, hereby
7 orders as follows:
8

9 1. The Motion, as supplemented by the Supplement, is granted on a further interim
10 basis for the period set forth in and in accordance with the Debtors' Budgets, attached hereto as
11 Exhibit "1" (the "Updated Budgets"), through the week ending July 10, 2022 (the "Outside
12 Date").
13

14 2. The Debtors are authorized to use their cash collateral on an interim basis through
15 the Outside Date in order to: (a) pay quarterly fees to the United States Trustee and any required
16 Court costs; (b) pay, in the ordinary course of business, the expenses set forth in the Updated
17 Budgets; and (c) pay up to \$304,000 for the purchase of new inventory, which figure is inclusive
18 of the \$300,000 inventory figure contained in the Interim Order. The Debtors may not pay any
19 professional fees or expenses that are not otherwise provided for in previously approved insider
20 compensation forms absent a further order of the Court, including any order of the Court
21 granting a professional employment application that authorizes any such payments.
22

23 3. Subject to the last sentence of this paragraph, the Debtors are authorized to
24 deviate from the Updated Budgets, without the need for any further Court order, by up to 15% by
25 line item and 15% in the aggregate (meaning the Debtors have the authority to deviate by more
26 than 15% per any particular line items provided they don't exceed 15% in the aggregate) without
27 the need for any further Court order, and the Debtors are authorized to deviate further from the
28

1 Updated Budgets without the need for any further Court order, including for the purchase of
2 additional new inventory, provided the Debtors obtain the prior written consent of the Bank,
3 provided further that the Debtors shall provide the Bank with no less than five (5) business days'
4 notice of any request for additional variance. In the event of an unforeseen urgency which
5 requires shorter notice than provided herein, the Debtors shall provide such shorter notice to the
6 Bank with a requested turnaround time and a brief explanation of the nature of the unforeseen
7 urgency, and both parties shall work together in good faith to address such issues. In addition to
8 the foregoing deviations, the Debtors have the authority to increase their budgeted expense
9 amounts to pay for any proportional increase in post-petition commissions owing as a result of
10 any increase in sales beyond the projected sales amounts, e.g., AMZN commissions (meaning
11 the more the Debtors sell the higher their commissions will be). Notwithstanding the foregoing,
12 the Debtors may not spend more than \$304,000 (inclusive of the \$300,000 inventory figure
13 contained in the Interim Order) through the Outside Date for the purchase of additional new
14 inventory without the prior consent of the Bank or order of the Court.
15
16

17 4. The Debtors will continue to provide the Bank with financial reporting on not less
18 than a weekly basis in the same format as the Debtors were providing the Bank pre-petition, and
19 the Debtors and the Bank will work in good faith in an effort to accommodate the Bank's request
20 for any additional or different financial reporting. By Wednesday of each week, the Debtors will
21 provide the Bank with a variance report that compares the Debtors' financial performance for the
22 prior week compared to the Debtors' projected performance for the prior week. The reporting
23 format for the variance reports will be the in the same format as summarized in the Updated
24 Budgets.
25

26 5. The Bank is hereby granted, on account of the Bank's interest in the Debtors'
27 cash collateral, on account of the Debtors' post-petition use of cash collateral, adequate
28

1 protection in the form of (a) a replacement lien against the Debtors' post-petition assets
2 (excluding any avoidance causes of action), to the extent of any post-petition diminution in the
3 value of the Bank's collateral as a result of the Debtors' post-petition use of cash collateral; and
4 (b) a super priority administrative claim pursuant to Section 507(b) of the Bankruptcy Code to
5 the extent of any post-petition diminution in the value of the Bank's prepetition collateral as a
6 result of the Debtors' post-petition use of cash collateral. All replacement liens granted herein
7 are valid, enforceable and fully perfected, and no filing or recordation or any other act in
8 accordance with any applicable local, state, or federal law is necessary to create or perfect such
9 lien and security interest; provided, however, that upon request of the Bank, the Debtors shall
10 execute such security and perfection documentation as may be reasonably required to create or
11 perfect such liens under applicable non-bankruptcy law. For the avoidance of doubt, the Bank
12 shall not be required to seek relief from the automatic stay to create or perfect such liens.
13
14

15 6. Nothing herein shall constitute a waiver, release or modification of the rights of
16 the Bank to assert a claim under §§ 364(c) or 507(b).

17 7. This Order shall be binding on the Debtors under all circumstances and shall be
18 binding upon all other parties in interest, including any chapter 7 or chapter 11 trustee that may
19 be appointed or elected on behalf of the Debtors' estates.
20

21 8. Nothing contained in this Order shall be deemed or construed to waive, reduce or
22 otherwise diminish the rights of the Bank or the Debtors under the Loan Documents (subject to
23 applicable bankruptcy law and the imposition of the automatic stay), or the Bankruptcy Code,
24 and nothing contained in this Order shall be deemed or construed to waive, reduce or otherwise
25 diminish the rights of the Bank to seek additional or different adequate protection of its interests
26 under the Loan Documents, to take any other action in these bankruptcy cases, including, but not
27 limited to, seeking relief from the automatic stay or dismissal or conversion of this case at any
28

1 time, all without prejudice to the rights of the Debtors or any other party in interest to oppose any
2 such relief sought or requested by the Bank.

3 9. As a result of the foregoing carve out amounts, all surcharge rights in favor of the
4 Debtors and their professionals are permanently waived.

5 10. A further cash collateral hearing will be held on July 7, 2022, at 9:30 a.m.

6 11. The Debtors are not required to provide any further notice of the further cash
7 collateral hearing.

8 12. The Debtors shall file any desired supplement to the Motion and any further
9 revised proposed budgets by no later than July 5, 2022.

10 13. Any opposition to any such revised proposed budgets or to the Debtors' continued
11 use of cash collateral must be filed and served on proposed counsel to the Debtors by no later
12 than July 6, 2022.

13 14. Any reply to an opposition may be asserted orally at the Final Hearing.

14 15. This Order shall be immediately effective and enforceable upon its entry and there
15 shall be no stay of execution or effectiveness of this Interim Order.

16 16. This Order is without prejudice to the rights of the Debtors to seek further or
17 different use of cash collateral at a subsequent Court hearing, and is without prejudice to the
18 rights of any other party in interest, including the Bank, to oppose any such request of the
19 Debtors.

20 Date: July 5, 2022

21 #


22 
23 Scott C. Clarkson
24 United States Bankruptcy Judge

EXHIBIT "1"

Fitness Anywhere, LLC (known as "ProductCo") & TRX HoldCo, LLC (known as "HoldCo")

Debtors Cash Collateral Budget

As of June 30, 2022

\$USD

Week -->
From -->
Week-Ending -->

Week 1	Week 2	Current
6/27/2022	7/4/2022	Rolling 2
7/3/2022	7/10/2022	Weeks

CONSOLIDATED

Beginning TOTAL Cash Balance	\$ 1,460,732	\$ 1,232,160	\$ 1,460,732
Ecommerce NA & UK - ProductCo	\$ 108,835	\$ 108,835	\$ 217,670
Amazon FBA International - ProductCo	-	24,989	24,989
Amazon FBA NA - ProductCo	436,970	-	436,970
Transfers from Non-Debtor Affiliate (Japan)	-	-	-
Accounts Receivables Collections - ProductCo	479,037	526,556	1,005,593
Education/CORE - ExperienceCo	50,000	50,000	100,000
Apple Subscriptions - ExperienceCo	40,000	-	40,000
Management Payroll - InterCo Transfer from ProductCo	91,464	-	91,464
Other	10,295	-	10,295
TOTAL SOURCES	\$ 1,216,602	\$ 710,381	\$ 1,926,982
Payroll, Payroll Tax & Benefits	\$ -	\$ 270,000	\$ 270,000
Commission	30,000	-	30,000
Inventory Purchases	-	304,000	304,000
Contractors	158,470	58,000	216,470
Key Consultants	21,389	-	21,389
Rent	61,287	-	61,287
Marketing	657,680	17,500	675,180
Insurance	31,642	16,068	47,710
Logistics	125,899	125,899	251,797
Professionals	56,851	50,000	106,851
Technology	24,283	90,000	114,283
Utilities	508	-	508
Payments to UK Affiliate ⁽¹⁾	30,000	-	30,000
Sales Tax	-	100,000	100,000
Other Expenses, Vendors	85,000	75,000	160,000
Growth Initiative	31,450	-	31,450
Miscellaneous, Other	12,500	12,500	25,000
Management Payroll - Transfer to HoldCo	91,464	-	91,464
Cross-Border Vendors	26,750	16,750	43,500
BK Professional Fees ⁽²⁾	-	-	-
US Trustee Fees	-	-	-
TOTAL DISBURSEMENTS	\$ 1,445,173	\$ 1,135,717	\$ 2,580,890
Net Cash	\$ (228,572)	\$ (425,336)	\$ (653,908)
TOTAL - CASH ROLLFORWARD			
Beginning TOTAL Cash Balance	\$ 1,460,732	\$ 1,232,160	\$ 1,460,732
(+) Total Receipts	1,216,602	710,381	1,926,982
(-) Total Disbursements	(1,445,173)	(1,135,717)	(2,580,890)
Ending TOTAL Cash Balance	\$ 1,232,160	\$ 806,824	\$ 806,824
Inventory Rollforward			
Beginning Inventory	\$ 17,561,604	\$ 16,991,278	\$ 17,561,604
(+) Purchases (Value, not disbursements)	-	1,281,498	1,281,498
(-) Cost of Goods	(570,326)	(319,845)	(890,172)
= Ending Inventory	\$ 16,991,278	\$ 17,952,931	\$ 17,952,931
Accounts Receivable Rollforward⁽³⁾			
Beginning AR	\$ 4,594,863	\$ 4,642,043	\$ 4,594,863
(+) Sales (Domestic Commercial, Retail, Government, Intl. Dist.)	526,218	525,877	1,052,095
(-) Collections (Domestic Commercial, Retail, Government, Intl. Dist.)	(479,037)	(526,556)	(1,005,593)
= Ending AR	\$ 4,642,043	\$ 4,641,364	\$ 4,641,364

Notes

(1) Current payroll and current VAT / other taxes. There is approximately an additional 80,000 GBP outstanding related to VAT.

(2) There are no bankruptcy professional payments in this forecast.

(3) The AR Rollforward does not include sales and collections activity relating to Ecommerce and Amazon. Ecommerce and Amazon revenue and collections are recorded contemporaneously.

- This budget does not reflect the proceeds or use of any DIP financing nor carve-outs arising thereof.

- Information has been sourced from management and the Company's books and records. This information has not been audited or independently verified.

Fitness Anywhere, LLC (known as "ProductCo") & TRX HoldCo, LLC (known as "HoldCo")

Debtors Cash Collateral Budget

As of June 30, 2022

\$USD

	Week --> From --> Week-Ending -->		Week 1 6/27/2022 7/3/2022	Week 2 7/4/2022 7/10/2022	Current Rolling 2 Weeks
PRODUCTCO					
Beginning ProductCo Cash Balance	\$	1,432,402	\$	1,096,316	\$ 1,432,402
Ecommerce NA & UK	\$	108,835	\$	108,835	\$ 217,670
Amazon FBA International		-		24,989	24,989
Amazon FBA NA		436,970		-	436,970
Transfers from Non-Debtor Affiliate (Japan)		-		-	-
Accounts Receivables Collections		479,037		526,556	1,005,593
Other - ProductCo		10,295		-	10,295
TOTAL PRODUCTCO SOURCES	\$	1,035,137	\$	660,381	\$ 1,695,518
Payroll, Payroll Tax & Benefits - ProductCo	\$	-	\$	180,000	\$ 180,000
Commission - ProductCo		30,000		-	30,000
Inventory Purchases - ProductCo		-		304,000	304,000
Contractors - ProductCo		144,970		44,500	189,470
Key Consultants - ProductCo		8,889		-	8,889
Rent - ProductCo		58,287		-	58,287
Marketing - ProductCo		657,680		-	657,680
Insurance - ProductCo		31,642		16,068	47,710
Logistics - ProductCo		125,899		125,899	251,797
Professionals - ProductCo		56,851		50,000	106,851
Technology - ProductCo		23,283		90,000	113,283
Utilities - ProductCo		508		-	508
Other Expenses, Vendors - ProductCo		85,000		75,000	160,000
Sales tax - ProductCo		-		100,000	100,000
Payments to UK Affiliate ⁽¹⁾ - ProductCo		30,000		-	30,000
Management Payroll - Transfer to HoldCo - ProductCo		91,464		-	91,464
Cross-Border Vendors - ProductCo		26,750		16,750	43,500
BK Professional Fees ⁽²⁾ - ProductCo		-		-	-
US Trustee Fees - ProductCo		-		-	-
TOTAL PRODUCTCO DISBURSEMENTS	\$	1,371,223	\$	1,002,217	\$ 2,373,440
PRODUCTCO - CASH ROLLFORWARD					
Beginning PRODUCTCO Cash Balance	\$	1,432,402	\$	1,096,316	\$ 1,432,402
(+) ProductCo Receipts		1,035,137		660,381	1,695,518
(-) ProductCo Disbursements		(1,371,223)		(1,002,217)	(2,373,440)
Ending ProductCo Cash Balance	\$	1,096,316	\$	754,480	\$ 754,480
Change in ProductCo Cash from Previous Week	\$	(336,086)	\$	(341,836)	

Inventory Rollforward

Beginning Inventory	\$	17,561,604	\$	16,991,278	\$ 17,561,604
(+) Purchases (Value, not disbursements)		-		1,281,498	1,281,498
(-) Cost of Goods		(570,326)		(319,845)	(890,172)
= Ending Inventory	\$	16,991,278	\$	17,952,931	\$ 17,952,931

Accounts Receivable Rollforward⁽³⁾

Beginning AR	\$	4,594,863	\$	4,642,043	\$ 4,594,863
(+) Sales (Domestic Commercial, Retail, Government, Intl. Dist.)		526,218		525,877	1,052,095
(-) Collections (Domestic Commercial, Retail, Government, Intl. Dist.)		(479,037)		(526,556)	(1,005,593)
= Ending AR	\$	4,642,043	\$	4,641,364	\$ 4,641,364

Notes

(1) Current payroll and current VAT / other taxes. There is approximately an additional 80,000 GBP outstanding related to VAT.

(2) There are no bankruptcy professional payments in this forecast.

(3) The AR Rollforward does not include sales and collections activity relating to Ecommerce and Amazon. Ecommerce and Amazon revenue and collections are recorded contemporaneously.

- This budget does not reflect the proceeds or use of any DIP financing nor carve-outs arising thereof.

- Information has been sourced from management and the Company's books and records. This information has not been audited or independently verified.

Fitness Anywhere, LLC (known as "ProductCo") & TRX HoldCo, LLC (known as "HoldCo")

Debtors Cash Collateral Budget

As of June 30, 2022

\$USD

Week -->
From -->
Week-Ending -->

Week 1	Week 2	Current Rolling 2 Weeks
6/27/2022	7/4/2022	
7/3/2022	7/10/2022	

HOLDCO

Beginning HoldCo Cash Balance	\$ 28,329	\$ 135,844	\$ 28,329
Education/CORE - ExperienceCo	\$ 50,000	\$ 50,000	\$ 100,000
Apple Subscriptions - ExperienceCo	40,000	-	40,000
Management Payroll - InterCo Transfer from ProductCo	91,464	-	91,464
Other - HoldCo	-	-	-
TOTAL HOLDCO SOURCES	\$ 181,464	\$ 50,000	\$ 231,464
Payroll, Payroll Tax & Benefits- HoldCo	\$ -	\$ 90,000	\$ 90,000
Contractors - HoldCo	13,500	13,500	27,000
Key Consultants - HoldCo	12,500	-	12,500
UK Studio Rent - HoldCo	3,000	-	3,000
Marketing - HoldCo	-	17,500	17,500
Technology - HoldCo	1,000	-	1,000
Other Expenses - HoldCo	12,500	12,500	25,000
Growth Initiative - HoldCo	31,450	-	31,450
TOTAL HOLDCO DISBURSEMENTS	\$ 73,950	\$ 133,500	\$ 207,450
<u>HOLDCO - CASH ROLLFORWARD</u>			
Beginning HOLDCO Cash Balance	\$ 28,329	\$ 135,844	\$ 28,329
(+) HoldCo Receipts	181,464	50,000	231,464
(-) HoldCo Disbursements	(73,950)	(133,500)	(207,450)
Ending HoldCo Cash Balance	\$ 135,844	\$ 52,344	\$ 52,344
<i>Change in HoldCo Cash from Previous Week</i>	<i>\$ 107,514</i>	<i>\$ (83,500)</i>	

Notes

(1) Current payroll and current VAT / other taxes. There is approximately an additional 80,000 GBP outstanding related to VAT.

(2) There are no bankruptcy professional payments in this forecast.

(3) The AR Rollforward does not include sales and collections activity relating to Ecommerce and Amazon. Ecommerce and Amazon revenue and collections are recorded contemporaneously.

- This budget does not reflect the proceeds or use of any DIP financing nor carve-outs arising thereof.

- Information has been sourced from management and the Company's books and records. This information has not been audited or independently verified.